

Billing for Outpatient Drugs  
Administered in Physician Offices, Urgent Care  
Settings, Clinics and Outpatient Facilities

**NEVADA MEDICAID  
AND  
NEVADA CHECK UP**

Updated August 2014

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# Agenda

- Who Can Not Bill Separately for Drugs?
- What is a National Drug Code (NDC)?
- Where is the NDC found?
- NDC Breakdown
- Why is NDC Required?
- NDC Pricing
- NDC Reference Materials
- Contact Information

# Who Can Not Bill Separately for Drugs

- This billing information **does not apply** to outpatient services when an all-inclusive encounter rate, composite rate, per diem rate, or prospective payment includes pharmaceuticals, such as:
  - Federally Qualified Health Centers (FQHCs)
  - Rural Health Centers (RHCs)
  - Indian Health Programs (IHP)
  - End-Stage Renal Disease Facilities (ESRDs)
  - Inpatient Facilities
- These providers do not use this process for submitting claims.



# National Drug Codes



# What is a National Drug Code (NDC)?

- Drug products are identified and reported using a unique number called the NDC, which serves as a universal product identifier for drugs. **These codes are used for billing outpatient administered drugs.**
- An NDC consists of 11 digits separated into 3 sections by a hyphen: XXXXX-XXXX-XX
- The first 5 digits identify the drug labeler/manufacturer, the next 4 digits identify the product and the last 2 digits identify the package size.

NDC **07777**-**3105**-**02**

**Labeler**

**Product  
Code**

**Package  
Code**

# Where is the NDC Found?

- The NDC is found on the drug container (e.g., vial, bottle or tube). The NDC submitted to Nevada Medicaid must be the **actual NDC on the package or container** from which the medication was administered.
- Do not bill for one manufacturer's product and dispense another. Do not bill using invalid or obsolete NDCs.
- Billing an NDC from a reference file when it is not the actual drug being administered is considered fraudulent billing.



# NDC Breakdown

- A drug's container label may display less than 11 NDC digits. In this instance, leading 0s must be added to each section to make 11 digits total when submitting the claim to HP Enterprise Services.
- For example: If the NDC shown on the label is 0409-1778-35, then submit NDC 00409-1778-35 on the claim form.
- Additional examples:

NDC # Configuration XXXX-XXXX-XX 4 - 4 - 2	Leading Zero Placement for 5-4-2 Configuration 0XXXX-XXXX-XX 5 - 4 - 2
XXXXX-XXX-XX 5 - 3 - 2	XXXXX-0XXX-XX 5 - 4 - 2
XXXXX-XXXX-X 5 - 4 - 1	XXXXX-XXXX-0X 5 - 4 - 2

# Why is NDC Required?

- The Deficit Reduction Act (DRA) of 2005 requires State Medicaid programs to collect rebates for physician/outpatient-facility administered drugs and drugs sold through pharmacies.
- This initiative became effective on January 1, 2008.
- The Drug Rebate Program
  - Drug manufacturers who wish to participate must first sign a rebate agreement with the Centers for Medicare & Medicaid Services (CMS).
  - The drug manufacturers pay a rebate (monies) to Nevada Medicaid for the drugs covered by Nevada Medicaid. This is why it is so important to bill with the actual NDC that was administered.
  - This program was enacted out of concern for the costs Medicaid programs were paying for outpatient drugs.



# Rebateable Drugs

- State Medicaid programs will only reimburse for drugs if the manufacturer is participating in the Centers for Medicare & Medicaid Services (CMS) Drug Rebate Program.
- Just because a drug is listed on the CMS website as rebateable, it does not guarantee payment by Medicaid. See the Pharmacy Billing Manual for a list of non-covered pharmaceuticals.

# NDC Pricing

- Payment for physician/outpatient-facility administered drugs is calculated on the NDC and NDC unit of measure – **NOT** the HCPCS codes and units.
- Payment is calculated on the lesser-of cost algorithm:
  - Wholesale Acquisition Cost (WAC) + 2%
  - Federal Upper Limit
  - State Maximum Allowable Cost (MAC)
  - Department of Justice (DOJ) minus 15%
  - Gross Amount Due
  - Usual and Customary
  - Actual Acquisition Cost (AAC)



# **NDC Reference Materials**



# Reminder: Web Announcement 507

August 15, 2012  
Announcement 507

## Reminders When Billing Physician-Administered Drugs

The following reminders are provided to ensure physician-administered drugs are billed appropriately.

- Use CPT codes to bill all covered vaccines that are not part of the Vaccines for Children (VFC) program. The administration fee is reimbursed for VFC drugs.
- Use HCPCS codes to bill Federal Drug Administration (FDA)-approved intrauterine devices (IUDs).
- Use HCPCS codes to bill radiopharmaceuticals and contrast agents.
- All other physician-administered drugs are reimbursed by National Drug Code (NDC) and the appropriate NDC unit of measure. Both items must be included on the claim form.

# NDC Reference Materials

- Reference material for NDC is located at: [www.medicaid.nv.gov](http://www.medicaid.nv.gov).
- Select **Providers** from the menu bar, then **NDC** from the sub-menu.



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## NDC Resources for Nevada Medicaid and Nevada Check Up Providers

-  [Billing Reference](#)
-  [CMS Drug Product Data](#)
-  [Frequently Asked Questions – Updated January 27, 2011](#)
-  [NDC Billing Reference for Physician Administered Drugs \(NVPAD\) Claims](#)

# NDC Reference – Limitations

- The Pharmacy Billing Manual contains additional information regarding billing.
- Select **Pharmacy** from the menu bar, then **Billing Information**, then **Pharmacy Billing Manual**.


Home	Providers	EVS	<b>Pharmacy</b>	Prior Authorization	Quick Links	Contact Us		
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**Urgent Notification**  
**CMS-1500 (02-12) Claim Form Must Be Used Effective May 3, 2014**







Due to updates to field instructions, providers are encouraged to review the [CMS-1500 \(02-12\) Claim Form Instructions](#).

- In Field 24E, the Diagnosis pointers must be alpha characters.
- In Field 30, the space is labeled as reserved for NUCC use, but the **Balance Due is required**.

**Pharmacy Billing Information**

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**Billing Manual**

Title
 <a href="#">Pharmacy Billing Manual</a>
 <a href="#">Appendix A - Instructions for Completing the NCPDP Universal Claim Form (Ver 5.1)</a>
 <a href="#">Appendix B - NCPDP D.0 Payer Sheet for Pharmacy Providers</a>
 <a href="#">Appendix C - Other Carrier Code List</a>
 <a href="#">Appendix D - Quantity Limits</a>
 <a href="#">Appendix E - Drugs Not Requiring Whole Quantities</a>

**Title**



# Is the NDC Rebateable?



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After selecting this link, you will be re-directed to the CMS website.

# Medicaid Drug Rebate Program



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[Home](#) > [Medicaid](#) > [By-Topic](#) > [Benefits](#) > Prescription Drugs

## Medicaid

### By-Topic

#### Benefits

#### Prescription Drugs

## Medicaid Drug Rebate Program

The Medicaid Drug Rebate Program is a partnership between CMS, State Medicaid Agencies, and participating drug manufacturers that helps to offset the Federal and State costs of most outpatient prescription drugs dispensed to Medicaid patients. Approximately 600 drug manufacturers currently participate in this program. All fifty States and the District of Columbia cover prescription drugs under the Medicaid Drug Rebate Program, which is authorized by [Section 1927 of the Social Security Act](#).

The program requires a drug manufacturer to enter into, and have in effect, a national rebate agreement with the Secretary of the Department of Health and Human Services (HHS) in exchange for State Medicaid coverage of most of the manufacturer's drugs. Manufacturers are then responsible for paying a rebate on those drugs each time that they are dispensed to Medicaid patients. These rebates are paid by drug manufacturers on a quarterly basis and are shared between the States and the Federal government to offset the overall cost of prescription drugs under the Medicaid Program.

### Prescription Drug Content

- [Branded Prescription Drug Fee Program](#)
- [Covered Outpatient Drugs Policy](#)
- [Drug Utilization Review](#)
- [Federal Upper Limits](#)
- [Medicaid Drug Rebate Program](#)
- [Medicaid Drug Rebate Program Data](#)





# Medicaid Drug Rebate Program Data



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## Medicaid

### By-Topic

#### Benefits

#### Prescription Drugs

## Medicaid Drug Rebate Program Data

### Product Data for Drugs in the Medicaid Drug Rebate Program

The [rebate drug product data file \[ZIP\]](#) contains the active drugs that have been reported by participating drug manufacturers as of the most recent rebate reporting period under the Medicaid Drug Rebate Program. All drugs are identified by National Drug Code (NDC), unit type, units per package size, product name, Food and Drug Administration (FDA) approval date, the date the drug entered the market, plus indicators to show whether the drug is an innovator or non-innovator drug; whether it is available by prescription or over-the-counter (OTC); the FDA therapeutic equivalency code; and the Drug Efficacy Study Implementation (DESI) rating and termination date, if applicable.

**The zip file contains the current quarter plus the previous eight quarters of the drug product data files. Please save and archive these files for any future use you may have as we do not archive these files once posted and cannot honor individual requests for regenerated files.** (Note: Only active drugs and drugs with a termination date on or after the last processed quarter are included in the file).

### Prescription Drug Content

- [Branded Prescription Drug Fee Program](#)
- [Covered Outpatient Drugs Policy](#)
- [Drug Utilization Review](#)
- [Federal Upper Limits](#)
- [Medicaid Drug Rebate Program](#)
- [Medicaid Drug Rebate Program Data](#)
- [Medicaid Drug rebate Program Dispute Resolution](#)



# CMS Drug Product Data Zip File

Name	Type	Modified	Size	Ratio	Packed	Path
Product 12012.txt	Text Docume..	5/11/2012 7:10 AM	6,125,6...	90%	624,678	
Product 1Q2013.txt	Text Docume..	5/7/2013 9:26 AM	6,574,1...	90%	682,325	
Product 22011.txt	Text Docume..	3/22/2013 10:32 AM	5,492,4...	90%	547,934	
Product 2Q2012.txt	Text Docume..	2/26/2013 3:36 PM	6,138,7...	90%	625,723	
Product 32011.txt	Text Docume..	11/7/2011 12:25 PM	6,043,1...	90%	614,319	
Product 3Q2012.txt	Text Docume..	2/26/2013 3:35 PM	6,707,7...	90%	689,926	
Product 4Q2012.txt	Text Docume..	2/26/2013 3:35 PM	6,732,7...	90%	694,112	
Products42011.txt	Text Docume..	2/6/2012 9:02 AM	6,073,2...	90%	617,694	

- This data is presented as of the **most recent rebate reporting quarter** under the Medicaid Drug Rebate Program. Changes can be made anytime during or after the displayed quarter.
- Select the appropriate file.
- The file Name indicates the date range to which it applies, i.e., **Product 1Q2013** = First Quarter of 2013.

# CMS Drug Product Data List

File Edit Format View Help	
ELI LILLY AND COMPANY	00002120001S2100000000EA 00000010000406201205012012NRAMYVID
ELI LILLY AND COMPANY	00002140701S2100000000ML 00000100000930199009301990NRQUINIDINE GLUCONATE
ELI LILLY AND COMPANY	00002197590S2100000000ML 00000900001123201003282011NRAXIRON
ELI LILLY AND COMPANY	00002300475I2100000000CAP000000040000227200103022001NRPROZAC WEEKLY
ELI LILLY AND COMPANY	00002322730S2100000000CAP000000010001126200212202002NRSTRATTERA
ELI LILLY AND COMPANY	00002322830S2100000000CAP000000010001126200212202002NRSTRATTERA
ELI LILLY AND COMPANY	00002322930S2100000000CAP000000010001126200212202002NRSTRATTERA
ELI LILLY AND COMPANY	00002323030S2100000000CAP000000010000409200707162007NRSYMBYAX
ELI LILLY AND COMPANY	00002323101I2102282013CAP000000010001224200301152004NRSYMBYAX

- Use the search function to find your NDC (Control + F)
- Column 1 – Indicates the Manufacturer
- Column 2 – Lists the NDC number



# **NDC Breakdown and Unit of Measure**

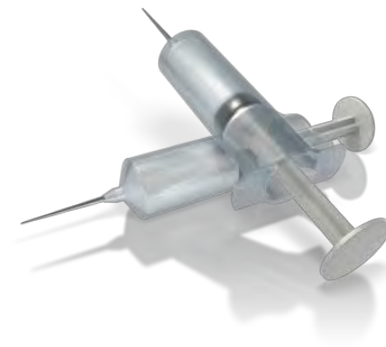
# NDC Unit of Measure

- The NDC Billing Unit Standard was created to eliminate translation conflicts between manufacturers, CMS and State Medicaid programs. This is called the NDC unit of measure.
- Three units of measure describe ALL drugs:
  - Each (EA)
  - Milliliter (ML)
  - Grams (GM)
- Use the following rules for guidance:
  - If a drug comes in a vial in powder form and has to be reconstituted before administration, bill each vial (unit/each) used (EA).
  - If a drug comes in a vial in liquid form, bill in milliliters (ML).
  - Grams are usually used when an ointment, cream, inhaler or bulk powder in a jar are dispensed. (GR).
- For additional information, refer to the NDC Billing Reference at [www.medicaid.nv.gov](http://www.medicaid.nv.gov). Select “NDC” from the “Providers” tab.



# NDC Unit of Measure

- The NDC and the NDC unit of measure must be provided on all claims.
- The NDC unit of measure is expressed in metric units.
- You may enter a partial unit using up to three decimal places.
  - Partial quantities are only accepted for specific drugs listed in the Appendix of the Pharmacy Billing Manual.



# Examples:

- Epogen is packaged as a 3000u/ML injection, 2000u were administered = NDC unit of measure of .667 ML
- Ketorolac is packaged as a 60mg/2ml injection, 60 mg were administered = NDC unit of measure of 2 ML
- Venofer is packaged as a 20mg/ML injection, 100 mg were administered = NDC unit of measure of 5 ML



# **NDC Billing on the CMS-1500 Claim Form**



# CMS-1500 Billing Instructions

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**Urgent Notification**  
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**Billing Information**  
FAQs: National Correct Coding Initiative (NCCI) Claim Review Edits [ [Review Now](#)]  
Clinical Claim Editor FAQs Updated December 5, 2011 [ [Review Now](#)]

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**Paper Claim Form Instructions**  
The following instructions are for paper claims. For electronic claim requirements, technical professionals can refer to Companion Guides for transactions [837D](#), [837I](#) and [837P](#).  
For Archives [Click here](#)

Title	Last Update
<a href="#">ADA (Version 2012) Claim Form Instructions</a>	02/11/14
<a href="#">CMS-1500 (02-12) Claim Form Instructions</a>	05/28/14
<a href="#">UB Claim Form Instructions</a>	05/14/13
Title	Last Update

# CMS-1500 Billing Information

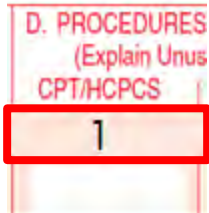
- Field 24A: In the top, shaded half of the claim line, enter qualifier N4 followed by the drug's 11-digit NDC. The first, second and third sections of the NDC (separated by hyphens on the container label) must contain 5, 4 and 2 digits, respectively, when entered on the claim form.
- For multi-ingredient compounds, list each component separately, on its own claim line with the 11-digit NDC in this field.

# CMS-1500 Form: Field 24A

24. A. DATE(S) OF SERVICE						B.	C.
From						PLACE OF	
MM	DD	YY	MM	DD	YY	SERVICE	EMG
N412345678901							
07	10	13	07	10	13	11	

- “N4” will always be placed before the 11-digit NDC.
- NDC will always be entered in the UPPER shaded line of Field 24A, above the date of service.

# CMS-1500 Form: Field 24D



D. PROCEDURES  
(Explain Unus  
CPT/HCPCS  
1

- The NDC unit of measure will always be entered into the UPPER shaded line of Field 24D. (The NDC unit of measure is NOT entered in Field 24G.)
- Do **NOT** include the HCPCS code in the lower, unshaded line of Field 24D.
- Remember to convert the dose administered to the correct unit of measure, i.e., 150mg/1ml = 1.

# CMS-1500 Form: Fields 24A – 24J

	24. A. DATE(S) OF SERVICE						B. PLACE OF SERVICE	C. EMG	D. PROCEDURES, SERVICES, OR SUPPLIES (Explain Unusual Circumstances)				E. DIAGNOSIS POINTER	F. \$ CHARGES		G. DAYS OR UNITS	H. EPSDT Family Plan	I. ID. QUAL.	J. RENDERING PROVIDER ID. #	PHYSICIAN OR SUPPLIER INFORMATION
	MM	DD	YY	MM	DD	YY			CPT/HCPCS	MODIFIER										
1	N	4	1	2	3	4	5	6	7	8	9	0	1							
	07	10	13	07	10	13							A	90	00			NPI	1234567891	
2																		NPI		
3																		NPI		
4																		NPI		
5																		NPI		
6																		NPI		

- This is an example of a correctly completed CMS-1500 Claim Form being billed with NDC.



# **NDC Billing on the UB-04 Claim Form**



# UB-04 Billing Instructions


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 <a href="#">UB Claim Form Instructions</a>	05/14/13
Title	Last Update

# UB-04 Form: Fields 42 and 43

	42 REV. CD.	43 DESCRIPTION
1	0250	N400409177835 1
2		
3		
4		
5		
6		



# UB-04 Form: Fields 44 – 46

44 HCPCS / RATE / HIPPS CODE	45 SERV. DATE	46 SERV. UNITS
Leave this field BLANK for NDC claims	8/5/13	Leave BLANK

# UB-04 Form: Fields 42 – 46

42 REV. CD.	43 DESCRIPTION	44 HCPCS / RATE / HIPPS CODE	45 SERV. DATE	46 SERV. UNITS	47 TOTAL CHARGES	48 NON-COVERED CHARGES	49
1 0250	N400409177835 1		8/5/13				1
2							2
3							3
4							4
5							5
6							6



# **Third Party Liability and Medicare Crossover Claims**

# NDC and Third Party Liability (TPL)

- The NDC and NDC unit of measure must be on the claim when the claim is submitted to Medicaid. This includes:
  - Medicare Crossover Claims
  - Claims involving commercial or private carriers



# Contact Information

- Nevada Physician-Administered Drug (NVPAD) claims are submitted to:
  - HP Enterprise Services  
P.O. Box 30042  
Reno, NV 89520
- For questions regarding the manner in which an NVPAD claim processed, contact:
  - (877) 638-3472, use the option for Claims

# Contact Information

- For questions regarding NDC pricing or NDC unit of measure limitations, contact:
  - Catamaran Technical Call Center
    - (866) 244-8554



# Thank you for attending today!

- Please complete your evaluation.
- We appreciate the feedback!

Thank you!

